

# The Digital Office of Finance

A guide to shifting mindsets, new business models, and modern IT requirements



**“When digital transformation is done right, it’s like a caterpillar turning into a butterfly, but when done wrong, all you have is a really fast caterpillar.”**

**George Westerman**

MIT Sloan Initiative on the Digital Economy



The finance department of yesteryear, driven strictly by accounting functions and compliance, is rapidly disappearing.

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Cloud platforms, mobile technologies, the rise of the everything-as-a-service (XaaS) economy, the consumerization of IT—all these digital world factors have completely changed the office of finance. Once considered a back seat contributor in terms of influencing business growth and strategy, the finance team now has the opportunity and means to take a driving role as a true value creator across the business.

Yes, you still have to manage core financial functions, but thanks to the world of services and subscription-based models, today's finance professionals are in a position to carve out new revenue streams, expand services offerings, influence product innovation, and help drive customer renewals. When all of this is done right, you will be well on your way from caterpillar to butterfly, and earning a role as prized CEO advisor.

A number of elements determine success in this role shift. In this ebook, we'll cover those key elements including: a shift in long-established mindsets, leveraging the right processes, data, and solutions, and creating an ecosystem to help your efforts collectively thrive.

This is the groundwork for the **digital office of finance**.

**“Traditional finance and accounting roles no longer pass muster. Digital transformation requires CFOs who can craft new business models, plan for agility, create outcome-based versus product-based offerings, and identify new joint venture opportunities.”**

**Ray Wang**

Principal Analyst, Founder, and Chairman  
Constellation Research



# A shift in mindsets

In the digital age, the finance function doesn't just simply generate reports, budgets, and plans: It also works with internal stakeholders and customers to provide innovative experiences and organization-wide value. This requires a dramatic shift in long-established mindsets along with a new level of visibility and rich, timely data, to help redefine business models. Below are five key shifts required to run the digital office of finance.

## **From financial analyst to business model strategist**

To stay competitive, finance leaders must always be on the hunt for revenue streams, looking for ways to turn products into services and services into products. You should be creating offers or bundles for customers in unique ways and/or leveraging partners to make it happen. You should be using real-time data to always know both what sells and what delivers the highest margin, and then zero in on the top performers.

## **From product focused to customer success focused**

The economy's shift to services and subscription renewals means every business must focus on customer experience. In turn, finance leaders must become more engaged in customer satisfaction and retention. You must get closer to every post-sales function of customer onboarding, service delivery, support, and customer success. In addition, you need comprehensive views into the "whole account" with deep insight into customer behavior, service quality, and product quality so you can make the smartest decisions to meet their needs.

## **From financial-only proficiency to enterprise-wide know-how**

Financial metrics will always remain critical, yet modern finance leaders must also master non-financial KPIs in other departments. Expertise should include an understanding of customer experience and satisfaction, conversion rate optimization, and employee retention to round out existing analysis. A far cry from the accounting teams of the past, the modern finance leader has evolved into a major business stakeholder focused on forging and continuously bolstering healthy customer relationships and customer lifetime value.

## **From monthly reporting, to real-time decision-making**

Make real-time the only time. While batch order processing and monthly billing and reconciliation used to be acceptable, speed has become integral to driving business success. Understanding the costs involved in developing and delivering new offerings—and being able to course-correct to maximize profitability or customer satisfaction—can't wait for a monthly close or a quarterly review. With that in mind, invest as much as possible into business intelligence (BI) as well as artificial intelligence (AI) to quickly derive insights about your business and act on those insights.

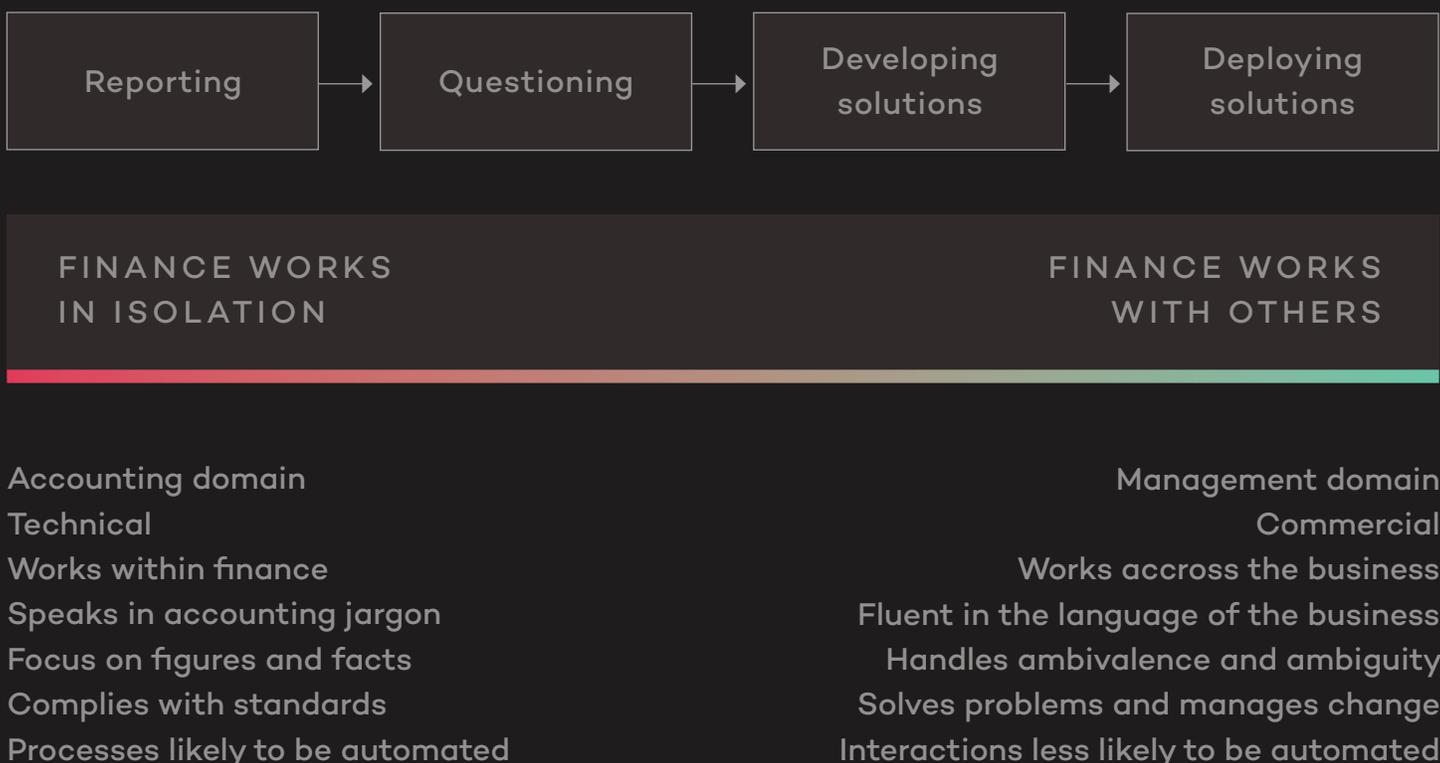
## **From static forecasts to rolling forecasts**

The shift from quarterly close or monthly close to weekly close or even daily close requires a new degree of agility. Forecasting must account for multiple models and a constantly changing set of variables and the use of technologies such as AI. Organizations must build agility across a wide range of business risk scenarios, such as COVID-19, price wars, and natural disasters.

# Finance in flux

Finance is shifting its focus, according to a recent research study from Chartered Global Management Accountant (CGMA®), from shareholder value and discounted cash flow of assets owned by the firm to stakeholder value and the role of interactions that take place outside the firm.<sup>1</sup>

This isn't to discard core accounting, which remains foundational to the finance function. Enabled by new technologies, however, the finance function is now capable of synthesizing a broader range of information and becoming more influential within the organization. The below diagram from CGMA highlights how skills underpinning finance are shifting.



<sup>1</sup> CGMA, The changing role and mandate of finance, 2020

# Modern finance leaders need modern technology

Even if you're armed with the right mindsets, strategies, and insights to be a true value creator for your business, does your current infrastructure and technology support your new approach? When you start tackling new business models and getting involved in the customer journey, there are often new considerations that many legacy systems can't address.

For example, now the finance team must be able to analyze new pricing strategies and predict success or failure. You must also be able to evaluate the performance of existing offerings—and which deliver the highest margins—as well as know and monitor the lifetime value of every customer.

In addition, because subscription models are a fairly new phenomenon, traditional ERP systems do not support accounting and financial projections for usage- and subscription-based pricing. And calculating deferred revenue recognition (per ASC 606 and IFRS 15) with subscription-based income can be complex.

Modern finance teams need front and back office systems that can unify data, manage any billing model, and streamline every aspect of the customer journey from the opportunity through to renewal. The digital office of finance requires the right ERP solution.

## Case study

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# Customer-focused finance at Ansarada

Ansarada is a pioneer in AI-powered virtual data room technology. As the company transformed to a platform-based business, the finance team struggled to scale internal processes to support anticipated business growth. They needed to evolve from month-end reporting to robust financial planning and analysis but there was no integration between the business systems and finance systems to get the data they needed.

Thanks to the tight integration between FinancialForce and Salesforce, Ansarada is able to connect all essential business information to finance. The company can provide a seamless, end-to-end customer journey, from the time customers first engage with Ansarada to the time they pay their invoice. Plus, Ansarada's lean finance team can easily handle more sophisticated financial operations to drive better cash flow, achieving a 75% faster time to invoice and 86% faster revenue close rate.

[SEE ANSARADA'S STORY](#)

# IT requirements for the digital office of finance

When looking at systems to help you deliver and sustain your elevated role, it's important to prioritise the following features:

**Cloud-native:** Cloud (or SaaS) applications are more agile and easier to maintain and upgrade. Plus, they can be accessed by any user in your organization with the right permissions and a web browser. Just make sure your system is a cloud-first application that runs natively on a reputable, reliable cloud platform, e.g. Salesforce.

**Support for any and all revenue streams:** A digital office of finance should be able to support any kind of pricing model, from fee-for-product and fee-for-service to hybrid subscription models, and deliver a harmonious billing process. It should also consolidate those revenue streams so you can get a complete picture of your earnings and margins, and keep it simple for customers who have multiple contracts with your organization.

**CRM and ERP alignment:** Your system should connect all back-office functions and data (ERP) to the front office (CRM) to produce a unified view of your business, structured around a master customer record. Get a single, seamless experience from customer acquisition, quoting, and contracts to internal financial operations and fulfillment. Share workflows and approval processes, use common reporting and analytics tools, and break down walls between departments.

**Opportunity-to-cash automation:** Your digital office of finance should automate the entire billing and collections process from the time an opportunity closes all the way to payment and revenue recognition. You should also be able to eliminate the costs and risks of synchronizing transactions and master data across different systems.

**Advanced forecasting and predictive analytics:** In addition to a unified data model, your digital office of finance should have the tools to make data actionable, and help you assess past events to better predict what will occur in the future. These tools include advanced forecasting methods—such as predictive time series models and machine learning—that offer a highly accurate view of future cash flow.

**Compliance automation:** Managing compliance with accounting standards like ASC 606 and IFRS 15 can be extremely time-consuming when working with spreadsheets or legacy accounting systems. A modern financial platform should help automate many of the processes and manual tasks required to comply with complex financial reporting and revenue recognition standards.

**One unified data model:** A digital office of finance should be powered by a single data model. Ideally, it should support at least 80 percent of your business processes out-of-the-box. This approach is very different from just integrating heterogeneous systems, which tend to be brittle and require data warehouses and large IT staff to keep things running.

**Ecosystem-friendly:** Your solution should easily integrate and share common components with other applications and their objects, data, logins, UIs, and workflows to give your business a single reporting database, shared records, and common tools.

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All of these attributes can be found in FinancialForce. Native to the Salesforce platform, FinancialForce offers a modern ERP suite that helps organizations rapidly translate demand into new revenue models, run more predictable business operations, and increase customer lifetime value.

Unlike other ERP applications, FinancialForce extends the value of your Salesforce applications (e.g. CRM, CPQ, and Einstein) by seamlessly unifying sellers, professional services teams, and traditionally back-office professionals.

Running your business with customers at the center equips you with highly actionable and holistic insights at every step of the customer lifecycle, ultimately helping drive customer retention.



# The power of a master customer record

The most successful finance departments have found that connecting all back-office functions and data (ERP) to the front office (CRM) to produce one master customer record is the proven path to success. Here's why:

## **Single view of customer activity**

Everyone – sales, finance, service delivery, support, and beyond – gains real-time access to all the customer information that matters most. Every conversation, every transaction, every request, and every documented customer interaction can be accessed from one place.

## **Superior customer service**

With a single record, you see everything that's happening across the customer journey in real-time. Financial leaders gain a wealth of data with which to develop strategic insight into things like pricing adjustments, contract amendments, service delivery tracking, and more.

## **Unparalleled efficiency**

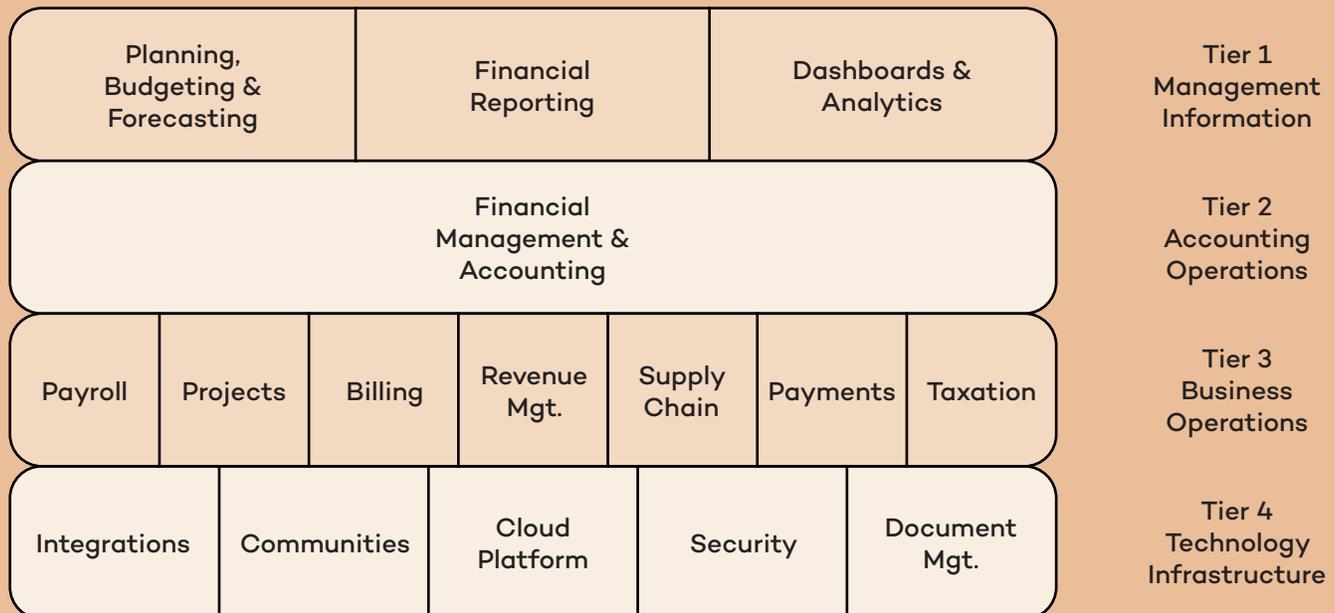
With a master customer record, you can generate an invoice straight from a sales opportunity. You only have to manage one customer dataset, so reporting is easy and accurate. And with just one system of record, you'll also simplify compliance processes and production of audit trails.

## **Anticipate customer needs**

The more you know about your customers, the better you can anticipate what they'll want from you next. This not only saves your business time, money, and resources, but it's also a great way to develop new products and services to better serve your customers.

# The complete digital system: Four tiers, one platform

In order for the finance function to deliver what is being asked in this new world, you also need a technology platform that brings all the aforementioned pieces together. It needs to be powerful, agile, resilient, and secure so your time is spent adding value to the business and not dealing with technology roadblocks. An ideal platform is represented pictorially in the “layer cake” model below, consisting of four tiers and a number of key financial management components.



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Not every component in the model above will be required for every business. For example, some smaller companies may have relatively straightforward trading requirements and so do not need an engine to manage the complexities of multiple tax jurisdictions. Other finance leaders may have outsourced payroll, and so that won't be needed for their platform.

The benefit of having all the different components working from the same platform is that you can choose the specific applications in the ecosystem that best align with your business priorities.

### **How the Salesforce platform can help**

As the leading business cloud platform in the world, the Salesforce platform allows you to seamlessly connect critical solutions from the front office (including Salesforce CRM) to the back office (including FinancialForce ERP). When these applications can talk to each other and share data from a single database, you gain visibility into everything and can more easily automate back-office processes. You will also be less dependent on spreadsheets and custom apps, saving time and headaches. Moreover, this provides you with a single, unified infrastructure with one database for your whole company, based on a master customer record.

Next we'll walk through each tier and function of the four-tiered model above while highlighting several solutions in the Salesforce ecosystem that are designed to work together seamlessly to deliver the requirements you need as a value creator.

# 1: Management information

The first tier of the digital office of finance platform is an executive reporting layer. Representing new requirements for smarter, faster, better-informed decision-making, this starts with statutory reports and extends all the way to more advanced tools such as predictive analytics and embedded AI to model and plan for the future. Below are two key solution providers in this ecosystem that deliver on these needs.

## **Financial reporting, dashboards, and analytics**

**FinancialForce ERP** offers dozens of financial statements and customizable dashboards, delivering real-time financial analysis and modeling with day-to-day operational reporting and trackable KPIs. In addition, FinancialForce provides unparalleled reporting and predictive analytics powered by Salesforce Einstein, giving you the insights required to make better, faster decisions, to optimize operations, and expand the business footprint.

## **Planning, budgeting, and forecasting**

**Vena Solutions** accelerates your budgeting and forecasting processes, providing ease of use, flexibility, performance, and scalability on a connected platform. You are able to integrate data in real-time and perform finance-led planning processes, such as budget orchestration, agile forecasting, scenario modeling, reporting and analytics, financial consolidation, and more, with ease. The direct integration with Salesforce allows you to get timely access to your data so you can spend less time manually manipulating data and more time telling the story behind your numbers.

## 2: Accounting operations

At the heart of the digital office of finance is the core accounting engine that must process transactions correctly and efficiently.

### **Financial management and accounting**

**FinancialForce ERP** comes equipped with a powerful, innovative accounting engine that can accommodate even the most diverse and complex enterprise requirements. Its single ledger design and multidimensional chart of accounts allows you to generate real-time business intelligence and shorten period closes. It also includes sophisticated accounting components such as support for multicurrency, global tax, and multicompany accounting scenarios.

Built to simplify and automate business processes, FinancialForce helps drive improvements in key performance measures such as month-end close, speed to invoice, and days sales outstanding.

# 3: Business operations

When running the digital office of finance, you must look beyond financials to incorporate components like order management, projects, payments, revenue recognition, and more. There is a great deal of interdependency between these elements and a big potential for revenue leakage if the applications are disconnected.

## **Project management, billing, revenue management, and supply chain management**

**FinancialForce** not only provides core accounting applications, but it also provides other critical business applications required to run a services organization. All native to the Salesforce platform, these applications offer project resourcing, billing, revenue recognition, and inventory management – all key for a modern CFO who needs to ensure data flows seamlessly between the various functions.

For example, if you are delivering a project on a time and expense basis, you may want to include some stock products that have also been procured and delivered as part of that project. It is important that you can seamlessly raise a customer bill that consolidates all of these costs together and ensure that the correct revenue recognition rules are applied.

## **Payment collections**

**Asperato** helps companies collect payments from all over the world, including one-off and recurring payments, regardless of the processor, currency, or payment method. All on Salesforce, Asperato delivers significant financial and technical benefits, including improved customer experience, cross-departmental efficiencies, cost control, reduced complexity, improvements in cash flow, and enhanced security and compliance.

## **Taxation**

**Avalara** provides a complete sales tax compliance solution—from initial calculation to electronic filing and payment. For organizations that undertake ecommerce transactions across borders, Avalara takes the headache out of managing indirect taxes (predominantly sales tax and VAT). Modern finance leaders will love that Avalara automates previously manual tasks and works in real-time within Salesforce, providing a fully automated compliance solution that helps lower your audit risk.

# 4: Technology & infrastructure

It is not possible to deliver all of the key capabilities described above without a robust technology platform underpinning everything, which is elegantly delivered by the market-leading platform from Salesforce.

## **Cloud platform, integrations, communities, and security**

**Salesforce** provides the foundation of the digital office of finance, impacting every tier in the model. In addition to the core system management and development capabilities, the platform also provides security infrastructure, the ability to engage with customer and partner communities, and the basis for integrations with banks, HM Revenue and Customs in the UK, and more. This world-leading cloud platform provides the ultimate unified data model that acts as a single source of truth for your whole organization.

## **Document creation**

**Conga** empowers financial professionals to modernize revenue generation and optimize commercial operations, creating simplified workflows and streamlining processes across all areas, for better, more efficient customer experiences. Conga's end-to-end suite digitally transforms all stages of the digital office of finance – proposals, quotes, invoices through to renewals and all the business processes that surround them.

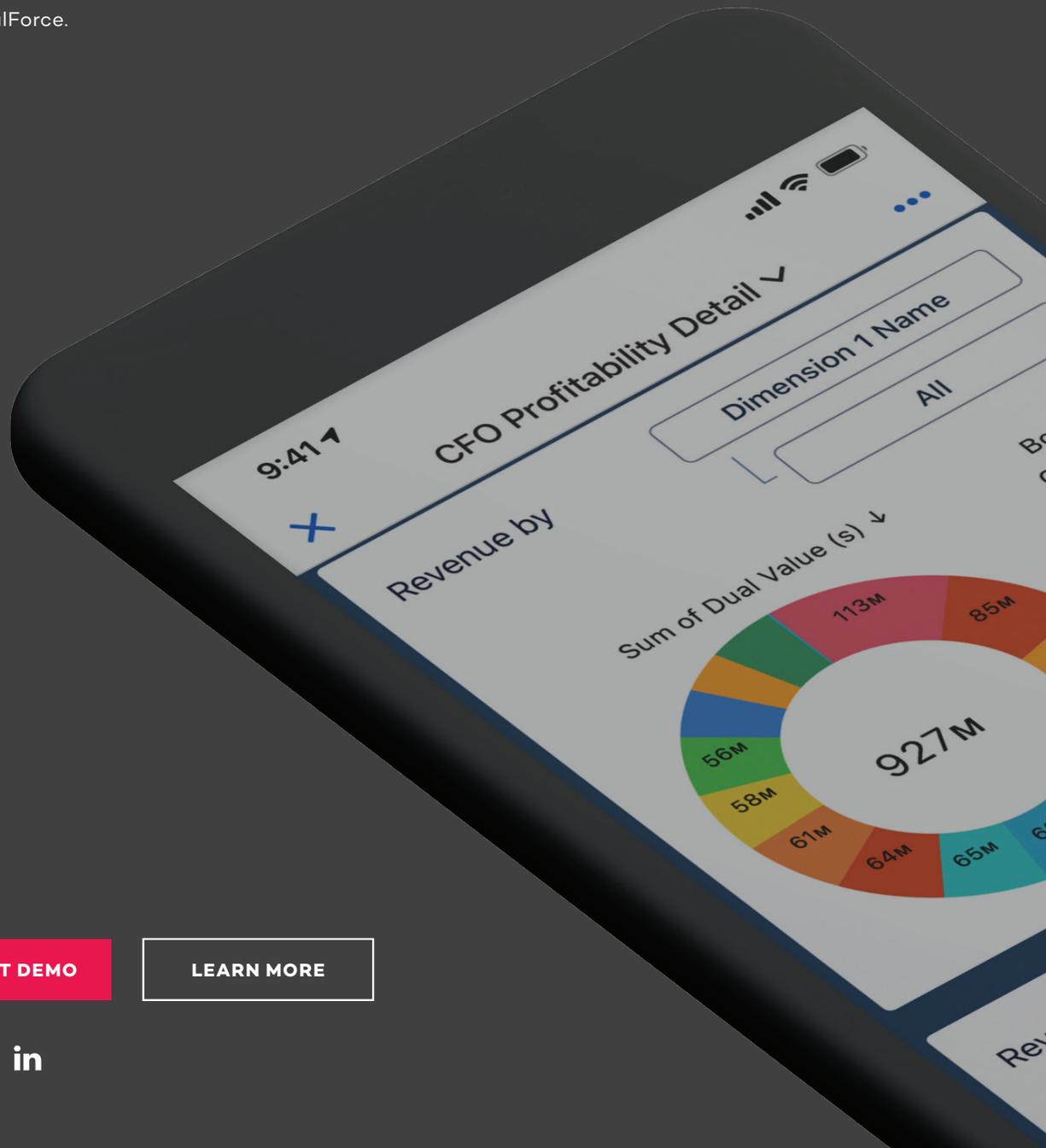
# Next steps

The power to build the digital office of finance and establish yourself as a true value creator for your business is now in your hands. You may already be underway or just getting started, but, wherever you are on the path, here are some top considerations:

- Shift your mindset from closing the books to building new revenue streams and from monthly reporting to predictive forecasting
- Understand how finance directly and/or indirectly affects the customer experience
- Recognize the impact of a master customer record and what it can achieve enterprise-wide
- Take stock of your back-office systems—and how well your applications currently work together
- Learn more about FinancialForce solutions and its [ReadyApp partners](#), which are all part of the Salesforce ecosystem

# EXPERIENCE MODERN ERP

FinancialForce offers customer-centric business applications on the leading cloud platform from Salesforce. We accelerate your business growth with the only modern ERP suite and the #1 professional services automation (PSA), enabling real-time insights and intelligent decision-making. See your customers in full color with Salesforce and FinancialForce.



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